

6 May 2024

Ernst Russ AG

Rating **Buy**
Share price (EUR) **6.26**
Target price (EUR) **7.30 (6.80)**

Bloomberg **HXCK GR**
Sector **Transport&Logistic**

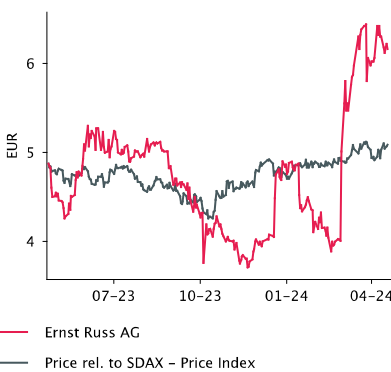
Share data

Shares out (m) 33.5
Daily volume shs (m) 0.2
Free float (%) 45.60
Market cap (EUR m) 205
EV (EUR m) 150
DPS (EUR) 1.00
Dividend yield (%) 15.9
Payout ratio (%) 60.0

Performance

ytd (%) 51.2
12 months (%) 29.5
12 months rel. (%) 25.0
Index SDAX

Share price performance



Source: Bloomberg

Next triggers

27 May Q1/24 Report

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Optimized Ship portfolio delivers strong operational performance

Ernst Russ results of FY23 again confirmed the successful transformation strategy into a ship owner and investment manager with a strong result on all major KPIs. Despite a weakening global economy and declining charter rates ER achieved a revenue increase of 5.7% to EUR 202.7m. EBIT declined by 7.4% to EUR 83.4m caused by lower book profits in FY23 vs. FY22 due to ship sales. On an adj. basis this compares to a slight EBIT decline of around 2.3% yoy. The strong FY23 cash flow enables a high payout ratio of 60% and a dividend proposal of EUR 1.00 per share (Dividend yield 15.9%). The outlook for FY24 remains positive for ER. Charter shipping markets are currently supported by blocked sea ways in the red sea which led to the diversion of shipping routes and required additional capacities. Spot charter rates are picking up in current markets. Due to long term charter contracts (average duration of charter contracts 18.0 month as of 31.12.2023) and based on the streamlined ship portfolio we expect FY24e sales of EUR 165m (-18% yoy) and an EBIT of EUR 58m (adj. -15%). This reflects an increasing EBIT profitability by 200bp on a historically high level. The balance sheet remains very healthy with a high equity ratio (FY23: 76%) and a net cash position of EUR 38m. This offers the management a wider range of strategic options to expand the ship portfolio. We expect annual capex of up to EUR 45m in the FY24-26 period and the acquisitions of 1-3 ships p.a. ER continues to trade with a sharp discount to its international peers and the fair value derived from the DCF Valuation. Therefore, we confirm our buy recommendation and increase TP to EUR 7.30.

FY23 Report confirms optimistic expectations.

The full FY23 report confirmed qb and market expectations. While FY23 sales increased by 5.7% to EUR 203m EBIT declined by 7.5% to EUR 83.4m. It is noteworthy that the decreased EBIT refers mainly to lower book gains of about EUR 15m (FY22: approx. EUR 21m) due to ship divestments. Taking those effects out, EBIT of FY23 would have declined by just 2.3%. ER took advantage of ongoing high charter rates due to long term contracts. Only a small proportion of the current fleet have been equipped with new charter contracts. The current ship portfolio owns a remaining average charter of 18 months (31.12.2023) nearly on the previous year level (17.4 month). On the back of ongoing high profits and operational cash flow (FY23 EUR 90.2m) the balance sheet again improved. Net cash position stands at EUR 38m. The equity ratio remained on the high previous year level of 76%. Even if the net cash position might be reinvested into the expansion of the ship portfolio it confirms the achieved strong financial position of ER. The company owns a substantial financial leverage potential which might be used to return to growth.

| Key figures | | 2022 | 2023 | 2024e | 2025e | 2026e |
|----------------|-------|-------|------|-------|-------|-------|
| Sales | EUR m | 192 | 203 | 165 | 162 | 161 |
| EBITDA | EUR m | 122 | 115 | 87 | 83 | 83 |
| EBIT | EUR m | 90 | 83 | 58 | 50 | 48 |
| EPS | EUR | 1.41 | 1.64 | 1.16 | 1.01 | 0.97 |
| Sales growth | % | 107.7 | 5.7 | -18.6 | -2.0 | -0.7 |
| EBIT growth | % | 192.6 | -7.4 | -30.7 | -13.2 | -3.9 |
| EPS growth | % | 195.7 | 16.4 | -29.7 | -12.7 | -3.7 |
| EBITDA margin | % | 63.5 | 56.9 | 52.5 | 51.4 | 51.8 |
| EBIT margin | % | 47.0 | 41.1 | 35.0 | 31.0 | 30.0 |
| Net margin | % | 24.7 | 27.2 | 23.5 | 20.9 | 20.3 |
| EV/Sales | ratio | 0.86 | 0.82 | 0.91 | 0.81 | 0.71 |
| EV/EBITDA | ratio | 1.4 | 1.4 | 1.7 | 1.6 | 1.4 |
| EV/EBIT | ratio | 1.8 | 2.0 | 2.6 | 2.6 | 2.4 |
| P/E | ratio | 3.7 | 2.8 | 5.3 | 6.1 | 6.3 |
| P/BV | ratio | 1.5 | 0.9 | 1.0 | 0.9 | 0.6 |
| Dividend yield | % | 3.9 | 15.9 | 4.9 | 4.9 | 5.7 |

Source: Bloomberg, Company data, Quirin Privatbank estimates

Conversion of cash position into the enlargement of ship portfolio

Ship portfolio enlarged by Rome Express – Small size divestment in Q2/24

The ship portfolio has been optimized in FY23. While 2 smaller and older vessels have been sold, ER did a large-scale acquisition of the 13,400 TEU ROME EXPRESS as well as two smaller-scale acquisitions (1,025 & 2,194 TEU). The ROME EXPRESS qualifies as the largest ship in the expanded portfolio. We estimate that the FY23 investments into the ship portfolio (without divestments) account for around EUR 100m. The new ships have been acquired with extended charter contracts. While the charter contracts of the smaller acquisitions last until 2024, the large new container ship ROME EXPRESS is chartered out to Hapag Lloyd until Q1/2026. The new investments and charter contracts will enlarge the groups average charter rate and the average live time of charter contracts. The complete fleet included 30 ships at the end of 2023. In Q2/24 one smaller and older feeder vessel has been divested, leaving the portfolio at an average younger age. Due to the smaller size of the vessel, we do not change our general assumptions of the current business performance of FY 24e.

Operating margins holding up on historical high levels.

Key figures (EUR m)

| | 2022 | 2023 | yoy % | FY 2024e | yoy % |
|----------------------------|------------|------------|-------|------------|-------|
| Revenues | 191,7 | 202,7 | 6% | 165,0 | -19% |
| EBIT | 90,1 | 83,4 | -7% | 57,8 | -31% |
| <i>EBIT margin</i> | <i>47%</i> | <i>41%</i> | | <i>35%</i> | |
| adj. EBIT | 69,3 | 67,7 | -2% | 57,8 | -15% |
| <i>adj. EBIT margin</i> | <i>36%</i> | <i>33%</i> | | <i>35%</i> | |
| EBT | 84,3 | 82,2 | -2% | 60,0 | -27% |
| Minorities | 36,6 | 26,6 | | 20,8 | |
| Net profit post minorities | 47,3 | 55,1 | 16% | 38,7 | -30% |
| EPS | 1,41 | 1,64 | | 1,16 | -30% |
| adj. EPS | 0,79 | 1,17 | | 1,16 | -2% |

Source: Company data, Quirin Privatbank estimates

Strong and deleveraged balance sheet allows to expand ship portfolio

With the recent acquisitions and investments, the company took advantage of the deleveraged balance sheet and the ongoing high operating cash flow in FY23 (EUR 90.2m). The investments confirm the strategy to expand the ship portfolio, to rejuvenate the fleet and to continue the growth path. The equity ratio increased to 76% in FY23. ER reached a net cash position for the first time of around EUR 38m. In our modeling we anticipate capex in upcoming years of EUR 35-45m mainly in line with depreciation. Even if we do not know timing and extend this allows the company to acquire 1-3 vessels p.a.

FY 2024 operational performance estimated in the middle of guided range

Due to the long duration of the charter contracts (average remaining duration FY23 18.0 months as of 31.12.2023) the operational performance is largely predictable. The shipping segment will clearly remain the most important revenue source, with the fixed charter contracts and their conditions being the main drivers.

Including the most recent investments into the ship portfolio Management indicated a revenue range of EUR 155-175m for FY24. The EBIT guidance amounts to EUR 47-67m. In our current modeling and estimates we assume about midpoint of the management guidance on both the revenue and EBIT forecast. We take this as a cautious approach given the current volatile charter market conditions on one hand and potential upside by further ship acquisitions on the other. About 81% of FY24e charter is already fixed and the number of charter contracts still open to be prolonged is therefore limited. The currently rising charter rates on basically all shipping sizes confirm the underlying positive trend. We do not include any additional acquisitions into the ship fleet in our modelling for FY24e.

Based on our current estimates the FY 24e operational EBIT margin will rise to 35% (adj. EBIT margin FY23: 33%). Important to ER shareholders: Due to the portfolio structure with a higher ownership in the vessels and less third-party investments (major impact due to acquisition of almost fully owned Rome Express) net minority interest are declining to 35% (FY 22: >40%). In total adj. EPS is estimated at EUR 1.16 on the previous year level.

EBIT margin will even increase in FY24 to 35% on improved ship portfolio

ER might face only slightly lower revenues in FY25e and lower margins ahead of additional portfolio expansion.

Operational and strategic perspective on ER beyond FY24

For FY25e and the following business year we predict slightly declining revenues and group profits. This anticipates upcoming charter contracts renewals which might be settled below the historically high levels. In our modeling revenues from 2025 onwards, we have mildly anticipated potential further acquisitions into the ship portfolio. Since the type of ships and the extend of the expansion is still unknown, we took a cautious approach in our estimates. If favorable opportunities arise and will be taken by the management this might offer a significant upside to our estimates. It might lead ER back on the proposed growth path.

Container shipping charter markets: Declining Charter rates and high deliveries until the end of 2023

In 2023 the container charter markets relevant for ER were impacted by several influencing factors. Charter rates have developed back to "normal" with a further softening and decline in H2/23. Anyway, charter rates even in the low of 2023 remained above the pre-Corona level. We see the declining rate development as a mixture of a weakening global economy and therefore lower demand of container freight while at the same time the markets faced strongly rising deliveries of new ship capacities basically on all relevant ship sizes. Large sized container vessels are especially impacted.

Charter rates picking up substantially in H1/24 on the back of geopolitical events

With the beginning of 2024 and in the further course of Q1/24 market conditions have improved significantly. Despite a mixed picture of the global economy, seaborne trade has picked up slightly. At the same time geopolitical events had a strong impact on the container shipping market. Due to the blocked sea ways in the red sea, container shipping routes had to be diverted mainly via the Cape of Good Hope. Diversion and longer routs have led to a significant demand increase of shipping capacities. Market estimates go for up to 9% higher capacities needed. (Spot charter Rates rose by up to 30% in Q1/24). Positive impacts on charter rates were registered on all shipping sizes and on major trade routes including the Mediterranean Sea as one of the more important feeder markets for ER. The higher capacity needs by this event have offset the effects of large deliveries of new build ships in the short term. Deliveries are currently on record levels. We assume that the positive trend of higher and rising charter Rates will last at least until the end of Q2/24 before a normalization might come into effect. According to our assumption charter rates in the container shipping market should not fall back to pre-Corona level. A positive structural higher level compared to early 2020 quotes should remain.

Geopolitical events led to route diversions and a rising demand of container shipping capacities.

Additional capacity demand growth by up to 9% - (Spot) charter rates increased by up to 30% in Q1/24.

Valuation

Valuations within the shipping industry have recovered from low levels

Valuation upside in both peer multiples and DCF valuation

Large parts of the global shipping industry have recovered from recent weak stock market performance especially in Q1/24. The normalization of charter as well as freight rates have leveled out in H2/23. We assume that despite a weak global economy and expected growing ship deliveries especially the blocked sea ways in the red sea area and ship route diversions have led to a higher ship capacity demand and growing charter rates. This has clearly supported stock prices of the shipowners in Q1/24. Also, ER stock prices performed quite well in Q1/24 (2024 ytd. + 48%). In addition to the positive trend of global ship owners we assume that the individual characteristic of ER including their great FY23 operational development, and the proposed strong dividend payout have supported the stock price performance.

We continue to value ER based on our DCF model to reflect the short and mid-term development of the business.

In our updated model after analyzing the most recent results of FY23 and anticipating the current market conditions we have derived a target price of EUR 7.30 per share (previous EUR 6.80).

DCF model TP: EUR 7.30

Discounted Cash Flow model

- Driven by the recent fleet optimization and ongoing high charter rates in the ship portfolio we expect slightly declining sales but ongoing high EBIT margins in the following years.
- We estimate an EBIT margin of 24.0% from 2033e onwards, as we expect charter rates to decrease and normalize.
- CAPEX, measured in percent of sales, is expected to remain stable at a level of around 22% in 2033e.
- The tax rate is expected to remain low at 0.7% due to special German tax provisions for shipping companies ("tonnage tax") from 2024e onwards.
- Our terminal value is based on the assumption of a consistent growth rate of 0.5%.
- We calculated a WACC of 12.6% (based on equity ratio: 100%; financial debt cost: 5%; company beta: 1.3).
- We assume that large parts of the fully consolidated shipping portfolio are owned by third party investors (minority owners) – the market value of those minority holdings has been deducted.
- The model arrives at an equity value of EUR 245m (EUR 7.30 per share).

DCF model for Ernst Russ

| (EUR m) | 2024e | 2025e | 2026e | 2027e | 2028e | 2029e | 2030e | 2031e | 2032e | 2033e | TV |
|---------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Sales | 165,0 | 161,8 | 160,6 | 160,5 | 161,4 | 163,3 | 166,3 | 169,6 | 173,0 | 176,4 | |
| growth yoy | -18,6% | -2,0% | -0,7% | -0,1% | 0,6% | 1,2% | 1,8% | 2,0% | 2,0% | 2,0% | |
| EBIT | 57,8 | 50,1 | 48,2 | 46,6 | 45,2 | 44,1 | 43,6 | 43,7 | 44,3 | 44,1 | |
| EBIT margin | 35,0% | 31,0% | 30,0% | 28,0% | 27,5% | 26,5% | 26,3% | 25,8% | 25,6% | 25,0% | |
| Taxes | 0,4 | 0,4 | 0,3 | 0,3 | 0,3 | 0,3 | 0,3 | 0,3 | 0,3 | 0,3 | |
| Tax rate | 0,7% | 0,7% | 0,7% | 0,7% | 0,7% | 0,7% | 0,7% | 0,7% | 0,7% | 0,7% | |
| Depreciation | 32,0 | 33,0 | 35,0 | 37,0 | 39,0 | 41,0 | 27,4 | 28,0 | 28,5 | 29,1 | |
| % of sales | 19,4% | 20,4% | 21,8% | 16,5% | 16,5% | 16,5% | 16,5% | 16,5% | 16,5% | 16,5% | |
| Capex | -35,0 | -37,0 | -39,0 | -41,0 | -43,0 | -45,0 | -36,6 | -37,3 | -38,1 | -38,8 | |
| % of sales | 21,2% | 22,9% | 24,3% | 25,5% | 26,6% | 27,6% | 22,0% | 22,0% | 22,0% | 22,0% | |
| Δ NWC | -1,9 | -0,2 | -0,1 | 0,0 | 0,0 | 0,1 | 0,0 | 0,0 | 0,0 | 0,0 | |
| % of sales | 1,1% | 0,1% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | |
| FCF | 53,3 | 46,3 | 44,5 | 42,9 | 41,6 | 40,5 | 34,8 | 34,6 | 35,1 | 34,7 | 288,3 |
| growth yoy | nm | -131,3% | 400,6% | 71,8% | 37,3% | 36,6% | 23,5% | 9,6% | -13,9% | 8,0% | 0,5% |
| PV FCF | 47,3 | 36,5 | 31,2 | 26,7 | 23,0 | 19,9 | 15,2 | 13,4 | 12,1 | 10,6 | 88,0 |

| | | | | | | |
|---|-------------|----------------------|-------|--------------|------|--------|
| PV Forecast Period | 236 | | | | | |
| PV Terminal Value | 88 | | | | | |
| Enterprise value (post minorities) | 210 | | | | | |
| - Net Debt / Net Cash (post minorities) | -36 | | | | | |
| - Pension Provisions | 1 | | | | | |
| + Financial Assets | 0,0 | | | | | |
| Equity value | 245 | | | | | |
| Number of shares | 33,5 | | | | | |
| Value per share (€) | 7,31 | | | | | |
| | | Sensitivity | | | | |
| | | Analysis | | | | |
| | | Terminal growth rate | | | | |
| | | -0,5% | 0,0% | 0,5% | 1,0% | 1,5% |
| | 11,34% | 7,5 | 7,6 | 7,7 | 7,9 | 8,0 |
| | 11,97% | 7,3 | 7,4 | 7,5 | 7,6 | 7,7 |
| | WACC 12,60% | 7,2 | 7,2 | 7,3 | 7,4 | 7,5 |
| | 13,23% | 7,0 | 7,1 | 7,1 | 7,2 | 7,3 |
| | 13,86% | 6,9 | 6,9 | 7,0 | 7,1 | 7,1 |
| | | Risk free rate | 3,50% | Equity ratio | | 100% |
| | | Cost of debt | 5,00% | Company beta | | 1,3 |
| | | Market Premium | 7,00% | WACC | | 12,60% |

Source: Quirin Privatbank estimates

ER trades with a discount to its peers

Ernst Russ: Multiple Peer group Valuation

Within an international multiple based peer group valuation ER offers attractive discounts on all relevant valuation multiples. Especially based on FY24 & FY25 estimates we see sharp discounts vs. the international peers. Due to the above market average charter contracts and anticipating the most recent renewed contracts we assume that ER continues to own a significant upside. ER operates with a strong cash flow profile and is backed by a healthy balance sheet. We estimate that ER will continue to pay out dividends and offer attractive dividend yields even if payout ratios (FY23: 60%) might vary depending on investment opportunities into the ship portfolio. Dividends will be paid optional, either via cash payments or in shares. Historically 71% of shareholders opted for share payment. Dividends will therefore even strengthen the equity on the balance sheet.

Ernst Russ international Multiple peer Valuation

| Company | P/E 24e | P/E 25e | EV/Sales 24e | EV/Sales 25e | EV/EBITDA 24e | EV/EBITDA 25e | EV/EBIT 24e | EV/EBIT 25e |
|---------------------------------|-------------|-------------|--------------|--------------|---------------|---------------|-------------|-------------|
| ERNST RUSS AG | | | | | | | | |
| GOLDEN OCEAN GROUP LTD | 10,6x | 8,3x | 4,8x | 4,6x | 7,4x | 6,6x | 10,4x | 9,1x |
| NAVIOS MARITIME PARTNERS LP | 3,1x | 2,8x | 2,3x | 2,2x | 3,7x | 3,0x | 5,3x | 4,3x |
| COSTAMARE INC | 3,9x | 4,2x | 2,6x | 2,9x | 4,4x | 4,1x | 6,3x | 6,2x |
| EUROSEAS LTD | 3,2x | 6,1x | 1,7x | 1,8x | 2,7x | 3,4x | 3,6x | 5,6x |
| GLOBAL SHIP LEASE INC-CL A | 2,4x | 3,1x | 2,1x | 2,4x | 2,4x | 2,5x | 3,1x | 3,5x |
| MPC CONTAINER SHIPS AS | 2,6x | 11,6x | 1,1x | 1,7x | 2,0x | 4,1x | 2,9x | 10,6x |
| AP MOLLER-MAERSK A/S-A | n.a. | n.a. | 0,4x | 0,4x | 4,5x | 4,8x | n.a. | n.a. |
| COSCO SHIPPING PORTS LTD | 6,2x | 15,9x | 0,6x | 0,7x | 2,9x | 5,1x | 6,0x | 40,7x |
| KAWASAKI KISEN KAISHA LTD | 11,9x | 10,7x | 1,5x | 1,5x | 10,8x | 10,7x | 16,0x | 16,3x |
| HAPAG-LLOYD AG | 936,3x | n.a. | 1,5x | 1,5x | 13,1x | 14,7x | 71,0x | n.a. |
| MITSUMI OSK LINES LTD | 6,9x | 7,9x | 1,7x | 1,7x | 14,1x | 13,4x | 29,5x | 27,8x |
| NIPPON YUSEN KK | 8,6x | 7,9x | 1,2x | 1,2x | 8,0x | 8,0x | 14,1x | 14,5x |
| WAN HAI LINES LTD | 25,5x | 1072,5x | 0,6x | 0,7x | 1,8x | 2,6x | 9,2x | n.a. |
| ERNST RUSS AG | 5,3x | 6,1x | 0,9x | 0,8x | 1,7x | 1,6x | 2,6x | 2,6x |
| MEDIAN | 6,5x | 7,9x | 1,5x | 1,7x | 4,4x | 4,8x | 7,8x | 9,9x |
| ERNST RUSS AG VS. MEDIAN | -19% | -24% | -40% | -51% | -60% | -67% | -67% | -74% |

Source: Bloomberg, Quirin Privatbank estimates

Profit & loss statement

| Profit & loss statement (EUR m) | 2022 | YOY | 2023 | YOY | 2024e | YOY | 2025e | YOY | 2026e | YOY |
|---------------------------------|-------|---------|-------|--------|-------|---------|-------|---------|-------|--------|
| Sales | 191.7 | 107.7 % | 202.7 | 5.7 % | 165.0 | -18.6 % | 161.8 | -2.0 % | 160.6 | -0.7 % |
| Unfinished Goods | 0.0 | | 0.0 | | 0.0 | | 0.0 | | 0.0 | |
| Other own work capitalized | 0.0 | | 0.0 | | 0.0 | | 0.0 | | 0.0 | |
| Other operating earnings | 30.7 | | 24.0 | | 5.6 | | 2.0 | | 3.2 | |
| Cost of goods | 89.7 | | 90.8 | | 73.9 | | 72.5 | | 72.0 | |
| Gross profit | 132.7 | | 135.8 | | 96.7 | | 91.3 | | 91.8 | |
| Personnel expenses | 4.8 | | 9.0 | | 7.3 | | 7.2 | | 7.1 | |
| Depreciation | 31.6 | | 32.0 | | 28.9 | | 33.0 | | 35.0 | |
| Other operating expenses | 6.2 | | 11.5 | | 2.7 | | 0.9 | | 1.5 | |
| EBITDA | 121.7 | 215.3 % | 115.4 | -5.2 % | 86.7 | -24.9 % | 83.1 | -4.1 % | 83.2 | 0.1 % |
| EBITDA margin (%) | 63.48 | | 56.92 | | 52.53 | | 51.40 | | 51.79 | |
| EBIT | 90.1 | 192.6 % | 83.4 | -7.4 % | 57.8 | -30.7 % | 50.1 | -13.2 % | 48.2 | -3.9 % |
| EBIT margin (%) | 47.00 | | 41.15 | | 35.00 | | 31.00 | | 30.00 | |
| Net interest | -2.3 | | 0.0 | | 0.0 | | 0.0 | | 0.0 | |
| Income from Participations | 2.6 | | 2.2 | | 2.2 | | 2.2 | | 2.2 | |
| Net financial result | -1.0 | | -1.2 | | 2.2 | | 2.2 | | 2.2 | |
| Exceptional items | -4.8 | | 0.0 | | 0.0 | | 0.0 | | 0.0 | |
| Pretax profit | 84.3 | 213.5 % | 82.2 | -2.5 % | 60.0 | -27.1 % | 52.4 | -12.7 % | 50.4 | -3.7 % |
| Pretax margin (%) | 43.97 | | 40.56 | | 36.34 | | 32.37 | | 31.38 | |
| Taxes | 0.4 | | 0.6 | | 0.4 | | 0.4 | | 0.3 | |
| Tax rate (%) | 0.47 | | 0.73 | | 0.70 | | 0.70 | | 0.67 | |
| Earnings after taxes | 83.9 | | 81.6 | | 59.5 | | 52.0 | | 50.1 | |
| Minorities | 36.6 | | 26.6 | | 20.8 | | 18.2 | | 17.5 | |
| Group attributable income | 47.3 | 195.7 % | 55.1 | 16.4 % | 38.7 | -29.7 % | 33.8 | -12.7 % | 32.5 | -3.7 % |
| No. of shares (m) | 33.5 | | 33.5 | | 33.5 | | 33.5 | | 33.5 | |
| Earnings per share (EUR) | 1.41 | 195.7 % | 1.64 | 16.4 % | 1.16 | -29.7 % | 1.01 | -12.7 % | 0.97 | -3.7 % |

Source: Company data, Quirin Privatbank estimates

Balance sheet

| Balance sheet (EUR m) | 2022 | YOY | 2023 | YOY | 2024e | YOY | 2025e | YOY | 2026e | YOY |
|--|--------------|----------------|--------------|----------------|--------------|-----------------|--------------|---------------|--------------|---------------|
| Assets | | | | | | | | | | |
| Cash and cash equivalents | 57.7 | | 67.3 | | 183.0 | | 202.2 | | 218.9 | |
| Accounts receivables | 15.2 | | 11.0 | | 8.9 | | 8.8 | | 8.7 | |
| Inventories | 1.7 | | 2.5 | | 2.0 | | 2.0 | | 1.9 | |
| Other current assets | 0.0 | | 0.0 | | 0.0 | | 0.0 | | 0.0 | |
| Tax claims | 0.0 | | 0.0 | | 0.0 | | 0.0 | | 0.0 | |
| Total current assets | 74.7 | 83.4 % | 80.7 | 8.1 % | 193.9 | 140.2 % | 213.0 | 9.8 % | 229.5 | 7.8 % |
| Fixed assets | 196.1 | | 252.0 | | 258.1 | | 262.1 | | 266.1 | |
| Goodwill | 1.6 | | 1.0 | | 1.0 | | 1.0 | | 1.0 | |
| Other intangible assets | 0.7 | | 0.5 | | 0.5 | | 0.5 | | 0.5 | |
| Financial assets | 6.8 | | 3.2 | | 3.2 | | 3.2 | | 3.2 | |
| Deferred taxes | 0.5 | | 0.4 | | 0.4 | | 0.4 | | 0.4 | |
| Other fixed assets | 2.9 | | 2.5 | | 2.5 | | 2.5 | | 2.5 | |
| Total fixed assets | 208.6 | -6.4 % | 259.5 | 24.4 % | 265.6 | 2.3 % | 269.6 | 1.5 % | 273.6 | 1.5 % |
| Total assets | 283.3 | 7.4 % | 340.3 | 20.1 % | 459.5 | 35.0 % | 482.6 | 5.0 % | 503.1 | 4.3 % |
| Equity & Liabilities | | | | | | | | | | |
| Subscribed capital | 32.4 | | 33.5 | | 33.5 | | 33.5 | | 33.5 | |
| Reserves & other | 6.7 | | 10.2 | | 10.2 | | 10.2 | | 10.2 | |
| Revenue reserves | 8.5 | | 8.5 | | 37.2 | | 60.9 | | 81.7 | |
| Accumulated other comprehensive | 70.4 | | 118.5 | | 118.5 | | 118.5 | | 118.5 | |
| Shareholder's equity | 207.5 | 45.3 % | 260.1 | 25.3 % | 288.7 | 11.0 % | 312.5 | 8.2 % | 333.3 | 6.7 % |
| Minorities | 89.5 | | 89.4 | | 89.4 | | 89.4 | | 89.4 | |
| Shareholder's equity incl. minorities | 207.5 | 45.3 % | 260.1 | 25.3 % | 288.7 | 11.0 % | 312.5 | 8.2 % | 333.3 | 6.7 % |
| Long-term liabilities | | | | | | | | | | |
| Pension provisions | 1.3 | | 1.2 | | 128.0 | | 128.0 | | 128.0 | |
| Financial liabilities | 3.3 | | 2.3 | | 0.0 | | 0.0 | | 0.0 | |
| Tax liabilities | 0.0 | | 0.0 | | 0.0 | | 0.0 | | 0.0 | |
| Other liabilities | 0.0 | | 0.0 | | 0.0 | | 0.0 | | 0.0 | |
| Total long-term debt | 16.2 | -81.2 % | 9.7 | -40.0 % | 133.1 | 1265.8 % | 133.0 | -0.1 % | 133.0 | 0.0 % |
| Short-term debt | | | | | | | | | | |
| Other provisions | 0.0 | | 0.0 | | 0.0 | | 0.0 | | 0.0 | |
| Trade payables | 5.1 | | 3.4 | | 2.8 | | 2.7 | | 2.7 | |
| Financial debt | 12.5 | | 25.8 | | 0.0 | | 0.0 | | 0.0 | |
| Other liabilities | 36.3 | | 28.4 | | 23.1 | | 22.7 | | 22.5 | |
| Total short-term debt | 59.5 | 71.9 % | 70.4 | 18.3 % | 37.6 | -46.5 % | 37.0 | -1.6 % | 36.8 | -0.6 % |
| Total equity & liabilities | 283.3 | 7.5 % | 340.3 | 20.1 % | 459.5 | 35.0 % | 482.6 | 5.0 % | 503.1 | 4.3 % |

Source: Company data, Quirin Privatbank estimates

Financial key ratios

| Key ratios | 2022 | 2023 | 2024e | 2025e | 2026e |
|-----------------------------|-------|-------|-------|-------|-------|
| Per share data (EUR) | | | | | |
| EPS | 1.41 | 1.64 | 1.16 | 1.01 | 0.97 |
| Book value per share | 3.5 | 5.1 | 6.0 | 6.7 | 9.9 |
| Dividend per share | 0.20 | 1.00 | 0.30 | 0.30 | 0.35 |
| Valuation ratios | | | | | |
| EV/Sales | 0.86 | 0.82 | 0.91 | 0.81 | 0.71 |
| EV/EBITDA | 1.4 | 1.4 | 1.7 | 1.6 | 1.4 |
| EV/EBIT | 1.8 | 2.0 | 2.6 | 2.6 | 2.4 |
| P/E | 3.7 | 2.8 | 5.3 | 6.1 | 6.3 |
| P/B | 1.5 | 0.9 | 1.0 | 0.9 | 0.6 |
| Dividend yield (%) | 3.9 | 15.9 | 4.9 | 4.9 | 5.7 |
| Growth | | | | | |
| Sales growth (%) | 107.7 | 5.7 | -18.6 | -2.0 | -0.7 |
| EBITDA growth (%) | 215.3 | -5.2 | -24.9 | -4.1 | 0.1 |
| EBIT growth (%) | 192.6 | -7.4 | -30.7 | -13.2 | -3.9 |
| EPS growth (%) | 195.7 | 16.4 | -29.7 | -12.7 | -3.7 |
| Profitability ratios | | | | | |
| EBITDA margin (%) | 63.5 | 56.9 | 52.5 | 51.4 | 51.8 |
| EBIT margin (%) | 47.0 | 41.1 | 35.0 | 31.0 | 30.0 |
| Net margin (%) | 24.7 | 27.2 | 23.5 | 20.9 | 20.3 |
| ROCE (%) | 43.5 | 54.3 | 35.2 | 25.5 | 21.0 |
| Financial ratios | | | | | |
| Total equity (EUR m) | 207.5 | 260.1 | 288.7 | 312.5 | 333.3 |
| Equity ratio (%) | 73.2 | 76.4 | 62.8 | 64.8 | 66.2 |
| Net financial debt (EUR m) | -40.7 | -38.1 | -55.0 | -74.2 | -90.9 |
| Net debt/Equity | 0.7 | 0.8 | 0.6 | 0.6 | 0.7 |
| Interest cover | 32.2 | 65.4 | 38.5 | 33.4 | 32.1 |
| Net debt/EBITDA | -0.3 | -0.3 | -0.6 | -0.9 | -1.1 |
| Payout ratio (%) | 14.2 | 60.9 | 26.0 | 29.7 | 36.0 |
| Working Capital (EUR m) | 15.1 | 10.3 | 156.3 | 175.9 | 192.7 |
| Working capital/Sales | 0.08 | 0.05 | 0.95 | 1.09 | 1.20 |

Source: Company data, Quirin Privatbank estimates

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HOLD <=-10% and < = +10%

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Klaus Soer, financial analyst, hereby certifies that all of the views expressed in this report accurately reflect my personal views about any and all of the subject securities or issuers discussed herein. In addition, I hereby certify that no part of my compensation was, is, or will be, directly or indirectly related to the specific recommendations or views expressed in this research report, nor is it tied to any specific investment banking transaction performed by the Bank or its affiliates.

Price and Rating History (last 12 months)

| Date | Price target-EUR | Rating | Initiation |
|------------|------------------|--------|------------|
| 06.05.2024 | 7.30 | Buy | |
| 20.09.2023 | 6.80 | Buy | |
| 18.07.2023 | 7.90 | Buy | 28.03.2023 |

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